

Message Text

CONFIDENTIAL

PAGE 01 STATE 290024

70

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TO AMEMBASSY MADRID IMMEDIATE

INFO AMEMBASSY LONDON PRIORITY

C O N F I D E N T I A L STATE 290024

E.O. 11652: GDS

TAGS: PFOR, ENRG, SP

SUBJECT: US-SPANISH NUCLEAR COOPERATION

REF: MADRID 8658

1. MR. FRANCISCO PASCUAL, DIRECTOR GENERAL OF THE SPANISH
ATOMIC ENERGY BOARD, MET WITH DEPUTY ASSISTANT SECRETARY
KRATZER ON NOVEMBER 19 AT PASCUAL'S REQUEST TO DISCUSS
US PROPOSAL FOR EXTENSION OF REPROCESSING APPROVAL TO
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 290024

NUCLEAR FUEL OF NON-US ORIGIN AND URGENT NEED FOR US

APPROVAL OF TRANSFER OF IRRADIATED FUEL FROM ZORITA REACTOR TO THE UK.

2. BEFORE INITIATING DISCUSSIONS OF THESE TOPICS, PASCUAL SAID THAT IN ORDER TO SAVE TIME AND AVOID NECESSITY FOR KRATZER RAISING ISSUE OF NPT ADHERENCE, THIS WAS EXCLUSIVELY AN ISSUE FOR THE FOREIGN OFFICE AND OUTSIDE THE PROVINCE OF THE JEN.

3. WITH RESPECT TO US PROPOSAL FOR EXTENSION OF RE-PROCESSING APPROVAL RIGHTS, PASCUAL EXPLAINED THAT HE BELIEVES IT WOULD BE INAPPROPRIATE TO ATTEMPT TO EXTEND NEW RIGHTS ON COMPREHENSIVE BASIS WITHOUT FORMAL AMENDMENT TO AGREEMENT. HE ALSO EXPRESSED VIEW THAT ADDITIONAL TOPICS SHOULD BE TAKEN UP IN ANY SUCH NEGOTIATIONS.

ALTHOUGH HE DID NOT IDENTIFY ANY SPECIFIC ITEMS, HE STATED THAT THE PROPER CHANNELS FOR UNDERTAKING THESE NEGOTIATIONS WOULD BE THROUGH THE FOREIGN MINISTRY. KRATZER EXPLAINED THAT US, TOO, HAD INTEREST IN RE-NEGOTIATION OF VARIOUS ASPECTS OF THE BILATERALS AND HAD EVERY INTENTION OF PROCEEDING IN THIS DIRECTION. HOWEVER, IT WOULD BE IMPRACTICAL TO INITIATE SUCH NEGOTIATIONS IMMEDIATELY AND ONCE INITIATED THEY WOULD UNDOUBTEDLY EXTEND OVER SOME PERIOD OF TIME. IN THE MEANTIME, HE POINTED OUT THERE ARE PENDING SPANISH EXPORT LICENSE CASES AS WELL AS OTHERS ANTICIPATED IN THE NEAR FUTURE WHICH MAY ENCOUNTER OPPOSITION UNLESS THE QUESTION OF REPROCESSING RIGHTS IS SATISFACTORILY RESOLVED. THIS RESOLUTION WAS ALSO IMPORTANT TO INSURE FUTURE FAVORABLE CONSIDERATION OF EXIM BANK LOAN AGREEMENTS BY THE RELEVANT CONGRESSIONAL COMMITTEES. KRATZER EXPRESSED CONCERN THAT RELYING ON THE AGREEMENT AMENDMENT PROCEDURE WOULD, THEREFORE, LEAD TO SERIOUS DELAYS IN IMPORTANT PENDING LICENSING AND LOAN CASES.

4. PASCUAL ACCEPTED THE VALIDITY OF THIS VIEW. PASCUAL AND KRATZER AGREED THAT, IN EFFORT TO OVERCOME PROBLEM, IT WAS WORTH CONSIDERING ON BOTH SIDES A STRICTLY AD HOC ARRANGEMENT WHICH MIGHT BE ACCOMPLISHED THROUGH AN CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 290024

EXCHANGE OF NOTES OR LETTERS OR OTHER MEANS LESS FORMAL THAN AMENDMENT TO THE AGREEMENT AND WHICH WOULD BE APPLICABLE ONLY TO SPECIFIC PENDING EXPORT CASES ON WHICH AGREEMENT IS NEEDED TO AVOID DELAY IN EXPORT LICENSING OR LOAN AGREEMENT APPROVAL. PASCUAL FELT THAT THIS LIMITED, AD HOC APPROACH MIGHT OVERCOME NEED FOR FORMAL AMENDMENT AND INDICATED WITHOUT COMMITMENT THAT HE WOULD PERSONALLY SUPPORT THIS APPROACH ON HIS RETURN TO

MADRID.

5. DEPARTMENT HAS CONSIDERED THIS APPROACH AND AGREES THAT IT REPRESENTS BEST AVAILABLE MEANS FOR OVERCOMING PROBLEM IN SHORT-RUN. IN FACT, THIS AD HOC APPROACH MAY BE PREFERABLE TO A MORE COMPREHENSIVE ATTEMPT TO SECURE SPANISH AGREEMENT ACROSS THE BOARD TO US APPROVAL RIGHTS ON FUEL OF NON-US ORIGIN, SINCE WE WILL UNDOUBTEDLY WISH TO NEGOTIATE A NUMBER OF OTHER ISSUES WITH SPAIN AND WOULD NOT WANT THEM TO REGARD THEIR AGREEMENT ON REPROCESSING APPROVAL RIGHTS AS AN OBSTACLE TO BROADER RENEGOTIATION OF BILATERALS. EMBASSY MAY INFORM PASCUAL THAT AD HOC APPROACH IS ACCEPTABLE TO US AS INTERIM MEASURE AND PROPOSE THIS APPROACH TO FOREIGN MINISTRY, EMPHASIZING THAT IT IS NOT A SUBSTITUTE FOR MODIFICATION OF ARTICLES VIII AND XI, WHICH WE WILL BE TAKING UP IN CONTEXT OF BROADER RENEGOTIATION ENVISIONED IN PRESIDENTIAL STATEMENT.

6. TURNING TO GENERAL QUESTION OF REPROCESSING, PASCUAL INDICATED THAT SPAIN IS PREPARED TO ACCEPT ANY SAFEGUARDS ON ITS NUCLEAR ACTIVITIES AND IS IN FULL AGREEMENT WITH THE DESIRABILITY OF LIMITING THE SPREAD OF REPROCESSING FACILITIES. HE FEELS STRONGLY, NEVERTHELESS, THAT REPROCESSING IS AN APPROPRIATE PART OF NUCLEAR FUEL CYCLE AND SHOULD NOT BE BLOCKED IN THOSE COUNTRIES WHICH HAVE LEGITIMATE ECONOMIC NEED AND TECHNOLOGICAL CAPABILITY TO UNDERTAKE IT. HE INDICATED THAT SPAIN IS SERIOUSLY CONSIDERING ESTABLISHING REPROCESSING FACILITIES THAT WOULD SERVE REGIONAL NEEDS IN EUROPE IN THE MID-1980'S AND IS NOW CONSTRUCTING SMALL REPROCESSING PILOT PLANT.

CONFIDENTIAL

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PAGE 04 STATE 290024

7. IN THE MEANTIME, PASCUAL INDICATED THAT SPAIN PLANS TO CONTINUE TO TRANSFER IRRADIATED FUEL TO OTHER COUNTRIES FOR REPROCESSING. HE STATED THAT ALL PLUTONIUM DERIVED FROM US FUEL REPROCESSED TO DATE IN THE UK HAS REMAINED IN THE UK, AND ALL PLUTONIUM DERIVED FROM FUEL IRRADIATED IN VANDELLOS REACTOR HAS REMAINED IN FRANCE, AND HE ASSURED KRATZER THAT THIS ARRANGEMENT WOULD ALSO BE APPLICABLE TO PLUTONIUM RECOVERED FROM ZORITA FUEL SCHEDULED FOR TRANSFER. THERE IS NOW AN URGENT NEED TO TRANSFER IRRADIATED FUEL FROM ZORITA REACTOR STORAGE POND TO UK FOR REPROCESSING. FAILURE TO REMOVE THIS IRRADIATED FUEL BY MARCH OR APRIL WOULD LEAD TO FORCED SHUTDOWN OF ZORITA REACTOR, SINCE NO ADDITIONAL SPACE REMAINS AT ZORITA, THUS PREVENTING

FURTHER FUEL DISCHARGES AS IRRADIATED MATERIAL IS REMOVED. FURTHER, NO SUBSTITUTE SITES ARE AVAILABLE IN SPAIN FOR THE STORAGE OF THIS SPENT FUEL. PASCUAL SAID SOMEWHAT WRYLY THAT THERE IS NOW 'PUBLIC OPINION' IN SPAIN AND THAT NECESSITY TO SHUTDOWN THIS REACTOR BECAUSE OF US REFUSAL TO GRANT PERMISSION FOR TRANSFER WOULD HAVE SERIOUS CONSEQUENCES AND WOULD PROVIDE AMMUNITION FOR CRITICS OF CLOSE US-SPANISH TIES IN NUCLEAR AND OTHER FIELDS. PASCUAL ALSO SAID THAT HE FAILED TO UNDERSTAND WHAT NON-PROLIFERATION OBJECTIVE WOULD BE SERVED BY DELAY OR REFUSAL IN GRANTING PERMISSION FOR TRANSFER OF IRRADIATED FUEL FROM SPAIN TO THE UK, A NUCLEAR WEAPON STATE, WITH PLUTONIUM REMAINING THERE.

8. KRATZER EXPLAINED THAT AS A RESULT OF MAJOR NEW POLICY DEVELOPMENTS IN NON-PROLIFERATION AREA WE WISH TO EXERCISE GREATEST POSSIBLE CARE IN TAKING STEPS WHICH COULD BE INTERPRETED AS ENDORSEMENT OF NEED FOR

REPROCESSING IN LIGHT WATER FUEL RECYCLE AND THUS INCONSISTENT WITH PRESIDENTIAL DETERMINATION THAT REPROCESSING SHOULD NOT BE REGARDED AS INEVITABLE PART OF FUEL CYCLE. HE RECOGNIZED, NEVERTHELESS, THAT MUCH PLANNING HAD TAKEN PLACE IN SPANISH AND OTHER NUCLEAR CONFIDENTIAL

CONFIDENTIAL

PAGE 05 STATE 290024

PROGRAMS ON BASIS THAT REPROCESSING WOULD TAKE PLACE AND THAT ADJUSTMENT TO NEW VIEWPOINT WOULD INVOLVE SOME TIME AND INCONVENIENCE. HE PROMISED THAT NEED FOR APPROVAL OF SPENT FUEL TRANSFER WOULD BE GIVEN PRIORITY ATTENTION.

9. IN DISCUSSIONS WITH LOCAL REPRESENTATIVES OF UKAEA, WE UNDERSTAND THAT PASCUAL SLIGHTLY OVERSTATED CASE IN PROVIDING ASSURANCE THAT PLUTONIUM RECOVERED FROM PROJECTED SHIPMENT OF ZORITA FUEL WOULD REMAIN IN UK. REPROCESSING CONTRACT BETWEEN UK ATOMIC ENERGY AUTHORITY AND SPAIN DID PROVIDE FOR UK PURCHASE OF PLUTONIUM FROM FUEL DISCHARGED THROUGH DECEMBER, 1973, BUT THERE IS NO SUCH PROVISION FOR FUEL DISCHARGED SUBSEQUENTLY. PROJECTED SHIPMENT INCLUDES SOME FUEL DISCHARGED PRIOR TO DECEMBER 73, BUT BULK REPRESENTS LATER FUEL. UKAEA STATES AND TRANSFER FORM (MB-10) SUBMITTED FOR USERDA APPROVAL CONFIRMS THAT DISPOSITION OF PLUTONIUM FROM THIS FUEL WILL BE AS PER INSTRUCTIONS FROM UNION ELECTRICA UNDER IAEA SAFEGUARDS.'

10. WE WOULD APPRECIATE EMBASSY CONTACTING PASCUAL

AND REAFFIRMING THAT PLUTONIUM DERIVED FROM REPROCESSING
OF FUEL COVERED BY MB-10 SIGNED BY RODRIGUEZ OF JEN ON
APRIL 26, 1976, WILL NOT REPEAT NOT BE TRANSFERRED
FROM UK WITHOUT USG APPROVAL FOR SUCH TRANSFER TO
BE GIVEN AT TIME SUCH TRANSFER IS REQUESTED. THIS
SITUATION, I.E., REQUIREMENT FOR USG APPROVAL OF
TRANSFER FROM ONE COUNTRY TO ANOTHER OF MATERIAL
OF US ORIGIN IS NORMAL REQUIREMENT, AND NOT SPECIAL
CONDITION FOR THIS CASE. IF PASCUAL'S RESPONSE IS
AFFIRMATIVE, AMENDED MB-10 SIGNED BY BOTH UKAEA AND
JEN SHOULD BE SUBMITTED. IN MAKING INQUIRY, YOU
SHOULD EMPHASIZE TO PASCUAL THAT AFFIRMATIVE RESPONSE
WILL GREATLY FACILITATE CONSIDERATION OF TRANSFER,
BUT WE ARE NOT ABLE TO PROVIDE HIM WITH ANY ASSURANCE
AT PRESENT AS TO TIMING OR NATURE OF OUR RESPONSE. ROBINSON

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